



City of San Antonio

Legislation Details (With Text)

File #: 20-5970
Type: Misc - Financial Services
In control: City Council A Session

On agenda: 10/29/2020

Title: Ordinance approving the issuance by the Whitney Cultural Education Facilities Finance Corporation of bonds, loans and/or other obligations for purposes of Section 147(f) of the Internal Revenue Code [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer].

Sponsors:

Indexes:

Code sections:

Attachments: 1. Draft Ordinance, 2. Ordinance 2020-10-29-0774

Date	Ver.	Action By	Action	Result
10/29/2020	1	City Council A Session		

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approval of financing for purposes of the Internal Revenue Code

SUMMARY:

This Ordinance approves the issuance by the Whitney Cultural Education Facilities Finance Corporation of bonds, loans and/or other obligations for purposes of Section 147(f) of the Internal Revenue Code.

BACKGROUND INFORMATION:

Section 147(f) of the Internal Revenue Code (the “Code”) requires that the issuance of any qualified 501(c)(3) obligations be approved by the applicable elected representative of the governmental unit in which the project is located after a public hearing following reasonable public notice.

The City was contacted by the Whitney Cultural Education Facilities Finance Corporation (the “Corporation”) for the benefit of the El Centro Del Barrio dba CentroMed (the “Borrower”), a Texas nonprofit corporation and

501(c)(3) organization so that the Corporation may issue bonds, loans and/or other obligations (the “Obligations”) in the maximum aggregate principal amount of \$4,200,000, whereby the proceeds of the Obligations will be loaned to Borrower for the purpose of financing and/or refinancing the costs of acquisition, construction, renovation and equipping an approximately 20,500 square foot facility (including a 2,000 square foot parking garage) for a Programs of All-Inclusive Care for the Elderly (PACE) located at 3714 Nogalitos, San Antonio, Texas 78225 (the “Project”). A public hearing with respect to the Project and the issuance of the Obligations was held in the City of San Antonio on September 16, 2020 in compliance with Section 147(f) of the Code.

ISSUE:

To meet the requirements of the Code, the Borrower has requested that City Council adopt an Ordinance confirming public approval of the financing plan and the issuance of the Obligations in the maximum aggregate principal amount of \$4,200,000, whereby the proceeds of the Obligations will be loaned to Borrower for the purpose of financing and refinancing the Project. The consideration and approval of this action is consistent with the City’s practice of providing consent for projects located in San Antonio that involve non-profit institutions obtaining tax-exempt financing for capital improvement projects through conduit issuers.

ALTERNATIVES:

If the City does not adopt an Ordinance confirming public approval of the Obligation issuance by the Corporation, this financing cannot be effectuated.

FISCAL IMPACT:

The Ordinance does not obligate the City to pay the debt or the Obligations, and does not obligate or create any expectations of, or liabilities for, the City. The Borrower is solely responsible for paying all debt service and other costs associated with the Obligations. The Borrower will pay the City an administrative fee of \$2,500 upon the adoption of the requested Ordinance.

RECOMMENDATION:

Staff recommends approval of the Ordinance which approves the issuance the Whitney Cultural Education Facilities Finance Corporation of the Obligations for purposes of Section 147(f) of the Internal Revenue Code.